

Message Text

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ACTION EB-11

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FM AMEMBASSY NASSAU

TO SECSTATE WASHDC PRIORITY 5700

INFO AMCONSUL HAMILTON

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E.O. 11652: N/A

TAGS: ETRN, BF, BD

SUBJECT: PRECLEARANCE - USG FUNDS FOR RENTAL OF PRE CLEARANCE
SPACE

REF: STATE 131396 AND ALL PREVIOUS

1. STATE 131396 REPORTS STATE/CUSTOMS VIEW THAT \$100,000
FY 1974 FUNDS APPROPRIATED SPECIFICALLY FOR RENTAL OF
PRECLEARANCE SPACE NOW CANNOT BE USED UNTIL FACILITIES
COMPLETED AND SPECIFIC RENTAL AGREEMENT NEGOTIATED.
EMBASSY IS PUZZLED BY RADICAL TWIST THIS NEW VIEW APPEARS
TO REPRESENT.

2. ON APRIL 5, EMBASSY WAS TOLD (STATE 68952) THAT
BAHAMIAN SUGGESTION THAT DRAFT AGREEMENT BE MODIFIED TO CALL
FOR RENTAL PAYMENT RAISED INSURMOUNTABLE PROBLEM IN THAT
THERE WAS NO PRECEDENT FOR SUCH A PROVISION AND "FUNDS NOT
AVAILABLE" FOR RENTAL. DEPARTMENT WILL RECALL GCOB
SUBSEQUENTLY WITHDREW SUGGESTION FOR RENTAL PAYMENTS.

3. TO QUOTE FURTHER FROM STATE 68952 CONTAINING ORTMAN-LEWIS
LETTER, THE TEXT OF WHICH WAS PROVIDED UNDER INSTRUCTIONS TO GCOB.

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QUOTE THE SUGGESTION THAT THE AGREEMENT PROVIDED

THAT THE US SHOULD PAY A RENTAL FEE FOR SPACE IN NASSAU IS THE MOST SERIOUS OF THE THREE POINTS YOU RAISE. NEITHER THE CANADA NOR THE BRITISH AGREEMENT HAS SUCH A PROVISION AND I REALLY SEE NO LIKELIHOOD OF OUR AGREEING TO SUCH A PROVISION IN THE BAHAMAS AGREEMENT.

ON THE OTHER HAND, I WONDER IF THERE COULD BE SOME CONFUSION AS TO THE SIGNIFICANCE OF THE APPROPRIATION TO THE TREASURY DEPARTMENT FOR FISCAL YEAR 1974 OF \$100,000 FOR PAYMENT FOR PRECLEARANCE SPACE. OBVIOUSLY, THIS AMOUNT WOULD ONLY BE A DROP IN THE BUCKET TO PAY RENTAL FOR THE PRECLEARANCE SPACE USED IN THE THREE JURISDICTIONS WHERE PRECLEARANCE IS PRESENTLY OPERATED. IN FACT, THE FUNDS WERE PROVIDED ONLY TO TAKE CARE OF SPECIAL COSTS ABOVE AND BEYOND NORMAL PRECLEARANCE OPERATIONS PROVIDED FOR UNDER THE AGREEMENTS WE ARE NEGOTIATING. IN UNDERSTAND THAT CUSTOMS HAS SET ASIDE A PORTION OF THESE FUNDS FOR THE BAHAMAS, BUT WILL NOT ENTER INTO DISCUSSION ON THE USE OF THIS FUND UNTIL AN AGREEMENT ON PRECLEARANCE HAS BEEN SIGNED. IN THIS CONNECTION, I WOULD POINT OUT THAT THE FUNDS WILL HAVE TO BE OBLIGATED BEFORE THE END OF THIS FISCAL YEAR, JUNE 30, 1974, OR BE RETURNED TO THE US TREASURY. TO DATE NO FUNDS HAVE BEEN BUDGETED FOR THIS PURPOSE FOR FY 1975. UNQUOTE.

4. GCOB, WITH GOOD REASON IN OUR VIEW, ACTED ON THE ASSUMPTION THAT FUNDS "TO TAKE CARE OF SPECIAL COSTS, ETC", AND ON APRIL 23 SIGNED SO FUNDS WOULD NOT BE LOST AS OF JUNE 30, 1974. NO FURTHER WORD ON THIS WAS HEARD FROM US SIDE, INCLUDING (NASSAU 739) ADVICE ON INSTALLATION OF TREASURY ENFORCEMENT COMMUNICATIONS SYSTEM.

5. EMBASSY NOW IS BEING INSTRUCTED TO SAY THAT FUNDS WERE AVAILABLE FOR RENTAL ONLY. FURTHER, SINCE THE NEW US CONDITION CONTRARY TO PURPORT OF ORTMAN LETTER, CONDITION FOR RENTAL AGREEMENT WILL NOT BE MET BY JUNE 30, FUNDS WILL NOT BE OBLIGATED, ALTHOUGH "THERE IS GOOD POSSIBILITY THAT FUNDS FOR RENTAL OF PRECLEARANCE SPACE WILL BE APPROPRIATED FOR FY 1975.

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6. IN EMBASSY VIEW, \$25,000 IS A WELL CHEWED CARROT THAT NO LONGER IS ENTICING ENOUGH TO KEEP GCOB FROM ASKING:

A. WHICH OF THE TWO POSITIONS GIVEN IT BY US NEGOTIATIONS ON RENTAL PAYMENTS (I.E. AGAINST THEM IN APRIL, FOR THEM IN JUNE) IS THE US GOVERNMENT POSITION?

B. WHAT WERE THE "SPECIAL COSTS" FUNDS TO TAKE CARE OF AND

ARE NOW INELEGIBLE FOR?

C. IF IT WAS ALWAYS US INTENTION TO PURSUE RENTAL AGREEMENTS, WHY IS PRECISE FORM ONLY NOW BEING STUDIED TWO MONTHS AFTER PRECLEARANCE AGREEMENT SIGNED?

D. IS IT POSSIBLE THAT RENTAL AGREEMENTS "NOW BEING STUDIED" WILL IN FACT PLACE BURDEN OF PAYING RENT ON AIRLINES AND THUS US GOVERNMENT WILL NOT IN ANY CASE HAVE OBLIGATION?

E. WILL TREASURY SEEK FY 1975 FUNDS FOR RENTAL OF PRECLEARANCE SPACE, OR ARE THE POSSIBILITIES CONTINGENT UPON FLOOR ACTION OR ON GCOB PERFORMANCE, THE LATTER TO BE FUNDED WITH SUPPLEMENTAL REQUEST AT SOME FUTURE DATE?

F. RE INTENT OF PARA 3, STATE 131396, IS PRO RATA PROVISION MEANT TO BE A NEW CARRORT, I.E. EVERY DAY'S DELAY IN GCOB SIGNING OF US DRAFT RENTAL AGREEMENT WILL MEAN LESS PROCEEDS FROM "RENTAL FUND"? IF SO, DOUBT IF GCOB WOULD BITE TWICE, AFTER EMPLOYMENT OF JUNE 30 DEADLINE FOR SAME BASIC PURPOSE LAST APRIL.

G. WHAT ARE "ACCEPTABLE FACILITIES"? IS IT NOT POSSIBLE THAT EITHER THE BAHAMAS OR BERMUDA COULD GET NOTHING, THE USG HAVING UNILATERALLY DECIDED THAT ACCEPTABLE FACILITIES HAVE NOT YET BEEN PROVIDED?

H. WHEN DOES THE US INTEND TO OPEN NEGOTIATIONS ON A "RENTAL AGREEMENT"?

I. WILL THE US BE RENTING THE SPACE ONLY, OR RENTING THE CONSTRUCTIONAL FACILITIES?

7. EMBASSY WOULD APPRECIATE DEPARTMENT'S ADVICE ON WHAT LIMITED OFFICIAL USE

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WE TELL GCOB RE USG (NOT CUSTOMS) POSITION ON RENTAL, AND WHATEVER HAPPENED TO THE \$25,000 CARROT. IN OUR VIEW, IT MAY BE VERY DIFFICULT (AND PROBABLY DISRUPTIVE TO OTHER IMPORTANT NEGOTIATIONS) FOR EMBASSY TO INFORM GCOB WITH STRAIGHT FACE THAT USG HAS CHANGED ITS POSITION SINCE SIGNING PRECLEARANCE AGREEMENT. NEVERTHELESS, THAT COURSE MAY BE PREFERABLE TO GIVING GCOB THE LESS STRAIGHT FORWARD LINE PRESENTED IN PARAGRAPH 3, STATE 131396, WHOSE HOOKERS APPEAR UNLIKELY TO ESCAPE THE SCRUTINY OF THE INCREASINGLY SOPHISTICATED BAHAMIANS. SPIERS

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